

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7313

BILL NUMBER: HB 1547

NOTE PREPARED: Jan 8, 2015

BILL AMENDED:

SUBJECT: Coverage for Spinal Adjustments.

FIRST AUTHOR: Rep. Lehe

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☒ **FEDERAL**

IMPACT: State

Summary of Legislation: This bill provides that the Indiana Check-up Plan must include chiropractic services, including spinal adjustments. The bill provides that implementation of the state plan to cover individuals eligible for Medicaid resulting from passage of the federal Patient Protection and Affordable Care Act (ACA) must include chiropractic services.

The bill requires the Office of Medicaid Policy and Planning to apply for any necessary federal waiver or State Plan amendment.

Effective Date: Upon passage; July 1, 2015.

Explanation of State Expenditures: The bill requires the Healthy Indiana Plan (HIP) to include spinal adjustments as a component of chiropractic services that are included in the benefit package associated with HIP. The fiscal impact of this provision will depend on the timing of the approval of the Governor's HIP 2.0 Medicaid waiver for the expansion of Medicaid under the ACA. The immediate fiscal impact would be the effect on the existing limited-eligibility HIP 1.0 Medicaid waiver program that has been extended to December 31, 2016, or until the HIP 2.0 program would be approved by the federal Centers for Medicare and Medicaid Services (CMS).

The second potential impact would be the effect on the HIP 2.0 Medicaid expansion waiver. The bill specifies that the spinal adjustment services must be included in the waiver benefit services before a Medicaid expansion may be implemented. This provision would require a waiver amendment and potentially reopening the negotiations with CMS with regard to the HIP 2.0 expansion waiver. An amendment could delay the implementation of the expansion by an unknown period of time depending on the length of time

necessary to prepare the amendment and how long CMS would take to approve the revision.

State cost estimates for the two HIP scenarios are summarized below.

	HIP 1.0 No Expansion			HIP 2.0 Medicaid Expansion		
Year	Population	Total Cost	State Share	Population	Total Cost	State Share
FY 2016	61,000	\$1,098,000	\$371,893	409,104	\$7,363,872	\$0
FY 2017	61,000	1,098,000	371,893	433,830	7,808,940	195,224
FY 2018	61,000	1,098,000	371,893	439,904	7,918,272	435,505
FY 2019	61,000	1,098,000	371,893	451,419	8,125,542	528,160
FY 2020	61,000	1,098,000	371,893	457,739	8,239,302	700,341
5-Year Total		\$ 5,490,000	\$ 1,859,465		\$ 39,455,928	\$ 1,859,230
HIP 1.0 population is assumed to be capped at the current level. The state FMAP percentage is assumed to be constant at the estimated 66.13% for FFY 2016. HIP 2.0 estimated expansion population is from the Milliman estimates used for the HIP 2.0 waiver. FMAP rates are effective ACA expansion rates calculated for state fiscal years. Total cost is assumed to be \$1.50/PMPM as estimated by Milliman.						

The state cost associated with adding the spinal adjustment services for the Medicaid expansion population is less than that for the smaller HIP 1.0 population since the Federal Medical Assistance Percentage (FMAP) is higher for the expansion population than the 66.52% assumed to be paid for the HIP 1.0 population. Under provisions of the ACA, the enhanced FMAP for the newly eligible population in HIP 2.0 will be:

- (1) 100% for CY 2014, 2015, and 2016;
- (2) 95% in CY 2017;
- (3) 94% in CY 2018;
- (4) 93% in CY 2019; and
- (5) 90% in CY 2020 and thereafter.

The bill would also require the Office of Medicaid Policy and Planning (OMPP) to prepare and submit at least one, possibly two, Medicaid waiver amendments to CMS. Preparation and submission of waiver documents are considered to be administrative in nature and should be able to be accomplished within the existing level of resources available to OMPP, assuming near customary agency staffing and resource levels.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration, Office of Medicaid Policy and Planning.

Local Agencies Affected:

Information Sources: Family and Social Services Administration.

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